

111TH CONGRESS
2D SESSION

S. 4036

To clarify the National Credit Union Administration authority to make stabilization fund expenditures without borrowing from the Treasury.

IN THE SENATE OF THE UNITED STATES

DECEMBER 16, 2010

Mr. DODD introduced the following bill; which was read twice, considered,
read the third time, and passed

A BILL

To clarify the National Credit Union Administration authority to make stabilization fund expenditures without borrowing from the Treasury.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. STABILIZATION FUND.**

4 (a) **ADDITIONAL ADVANCES.**—Section 217(c)(3) of
5 the Federal Credit Union Act (12 U.S.C. 1790e(c)(3)) is
6 amended by inserting before the period at the end the fol-
7 lowing: “and any additional advances”.

8 (b) **ASSESSMENTS.**—Section 217 of the Federal
9 Credit Union Act (12 U.S.C. 1790e) is amended by strik-
10 ing subsection (d) and inserting the following:

1 “(d) ASSESSMENT AUTHORITY.—

2 “(1) ASSESSMENTS RELATING TO EXPENDI-
3 TURES UNDER SUBSECTION (B).—In order to make
4 expenditures, as described in subsection (b), the
5 Board may assess a special premium with respect to
6 each insured credit union in an aggregate amount
7 that is reasonably calculated to make any pending or
8 future expenditure described in subsection (b), which
9 premium shall be due and payable not later than 60
10 days after the date of the assessment. In setting the
11 amount of any assessment under this subsection, the
12 Board shall take into consideration any potential im-
13 pact on credit union earnings that such an assess-
14 ment may have.

15 “(2) SPECIAL PREMIUMS RELATING TO REPAY-
16 MENTS UNDER SUBSECTION (C)(3).—Not later than
17 90 days before the scheduled date of each repayment
18 described in subsection (c)(3), the Board shall set
19 the amount of the upcoming repayment and shall de-
20 termine whether the Stabilization Fund will have
21 sufficient funds to make the repayment. If the Sta-
22 bilization Fund is not likely to have sufficient funds
23 to make the repayment, the Board shall assess with
24 respect to each insured credit union a special pre-
25 mium, which shall be due and payable not later than

1 60 days after the date of the assessment, in an ag-
 2 gregate amount calculated to ensure that the Sta-
 3 bilization Fund is able to make the required repay-
 4 ment.

5 “(3) COMPUTATION.—Any assessment or pre-
 6 mium charge for an insured credit union under this
 7 subsection shall be stated as a percentage of its in-
 8 sured shares, as represented on the previous call re-
 9 port of that insured credit union. The percentage
 10 shall be identical for each insured credit union. Any
 11 insured credit union that fails to make timely pay-
 12 ment of the assessment or special premium is sub-
 13 ject to the procedures and penalties described under
 14 subsections (d), (e), and (f) of section 202.”.

15 **SEC. 2. EQUITY RATIO.**

16 Section 202(h)(2) of the Federal Credit Union Act
 17 (12 U.S.C. 1782(h)(2)) is amended by striking “when ap-
 18 plied to the Fund,” and inserting “which shall be cal-
 19 culated using the financial statements of the Fund alone,
 20 without any consolidation or combination with the finan-
 21 cial statements of any other fund or entity,”.

22 **SEC. 3. NET WORTH DEFINITION.**

23 Section 216(o)(2) of the Federal Credit Union Act
 24 (12 U.S.C. 1790d(o)(2)) is amended to read as follows:

25 “(2) NET WORTH.—The term ‘net worth’—

1 “(A) with respect to any insured credit
2 union, means the retained earnings balance of
3 the credit union, as determined under generally
4 accepted accounting principles, together with
5 any amounts that were previously retained
6 earnings of any other credit union with which
7 the credit union has combined;

8 “(B) with respect to any insured credit
9 union, includes, at the Board’s discretion and
10 subject to rules and regulations established by
11 the Board, assistance provided under section
12 208 to facilitate a least-cost resolution con-
13 sistent with the best interests of the credit
14 union system; and

15 “(C) with respect to a low-income credit
16 union, includes secondary capital accounts that
17 are—

18 “(i) uninsured; and

19 “(ii) subordinate to all other claims
20 against the credit union, including the
21 claims of creditors, shareholders, and the
22 Fund.”.

1 **SEC. 4. STUDY OF NATIONAL CREDIT UNION ADMINISTRA-**
2 **TION.**

3 (a) STUDY.—The Comptroller General of the United
4 States shall conduct a study of the National Credit Union
5 Administration's supervision of corporate credit unions
6 and implementation of prompt corrective action.

7 (b) ISSUES TO BE STUDIED.—In conducting the
8 study required under subsection (a), the Comptroller Gen-
9 eral shall—

10 (1) determine the reasons for the failure of any
11 corporate credit union since 2008;

12 (2) evaluate the adequacy of the National Cred-
13 it Union Administration's response to the failures of
14 corporate credit unions, including with respect to
15 protecting taxpayers, avoiding moral hazard, mini-
16 mizing the costs of resolving such corporate credit
17 unions, and the ability of insured credit unions to
18 bear any assessments levied to cover such costs;

19 (3) evaluate the effectiveness of implementation
20 of prompt corrective action by the National Credit
21 Union Administration for both insured credit unions
22 and corporate credit unions; and

23 (4) examine whether the National Credit Union
24 Administration has effectively implemented each of
25 the recommendations by the Inspector General of
26 the National Credit Union Administration in its Ma-

1 terial Loss Review Reports, and, if not, the ade-
2 quacy of the National Credit Union Administration's
3 reasons for not implementing such recommendation.

4 (c) REPORT TO COUNCIL.—Not later than 1 year
5 after the date of enactment of this Act, the Comptroller
6 General shall submit a report on the results of the study
7 required under this section to—

8 (1) the Committee on Banking, Housing, and
9 Urban Affairs of the Senate;

10 (2) the Committee on Financial Services of the
11 House of Representatives; and

12 (3) the Financial Stability Oversight Council.

13 (d) COUNCIL REPORT OF ACTION.—Not later than
14 6 months after the date of receipt of the report from the
15 Comptroller General under subsection (c), the Financial
16 Stability Oversight Council shall submit a report to the
17 Committee on Banking, Housing, and Urban Affairs of
18 the Senate and the Committee on Financial Services of
19 the House of Representatives on actions taken in response
20 to the report, including any recommendations issued to the
21 National Credit Union Administration under section 120
22 of the Dodd-Frank Wall Street Reform and Consumer
23 Protection Act (12 U.S.C. 5330).

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